

Message Text

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ACTION AF-10

INFO OCT-01 EB-08 ISO-00 OPIC-06 AID-05 /030 W

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TO SECSTATE WASHDC 6278

USDOC WASHDC

INFO AMEMBASSY ABIDJAN

AMCONSUL IBADAN

AMCONSUL KADUNA

UNCLAS LAGOS 1368

ALSO FOR AID(HOUSING) AND OPIC: ABIDJAN FOR AID/VOTAN

E.O. 11652 : NA

TAGS : BENC, BTIO, EFIN, SOCI, OPIC, NI

SUBJ : ABESAN NEW TOWN OFFERED TO DEVELOPERS

1. IN A CIRCULAR LETTER DATED JANUARY 20, NIGERIA'S FEDERAL HOUSING AUTHORITY(FHA) IS INVITING EXPRESSIONS OF INTEREST FROM ABOUT 50 FIRMS IN SEVERAL COUNTRIES IN FINANCING AND/OR CONSTRUCTING A DOLS 2.8 BILLION NEW TOWN CALLED ABESAN ABOUT 15 MILES NORTH OF LAGOS NEAR AGEGE. WHEN COMPLETED, ABESAN WOULD HAVE ABOUT 300,000 INHABITANTS IN 46,000 UNITS ON ABOUT 2,200 HECTARES (5,434 ACRES). LOW AND MEDIUM INCOME UNITS WOULD PREDOMINATE. THE MASTER PLAN IS COMPLETED BUT NO TIMETABLE FOR DEVELOPMENT IS GIVEN. IN FHA NATIONAL HOUSING PROGRAM GUIDELINES ACCOMPANYING THE LETTER, ABESAN APPEARS AS THE LAGOS PORTION OF 202,000 HOUSING UNITS TO BE BUILT NATIONWIDE UNDER FHA DURING THE CURRENT 1975-80 THIRD DEVELOPMENT PLAN. (THE PLAN ALSO CALLS FOR 8,000 UNITS IN EACH OF 18 NIGERIAN STATES AND 12,000 UNITS IN KADUNA STATE.)

2. REFLECTING THE GOVERNMENT'S FINANCIAL PINCH, THE LETTER SAYS ABESAN QTE AS MUCH AS POSSIBLE.. SHALL BE SELF-FINANCING.

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PRIVATE FUNDING WITHIN AND OUTSIDE NIGERIA SHALL BE ACTIVELY ENCOURAGED UNQTE. BASICALLY, THE LETTER INVITES PROPOSALS BY FEBRUARY 23 STATING WHETHER THE FIRM IS INTERESTED IN FINANCING OR CONSTRUCTION OR BOTH, IN INFRASTRUCTURE OR HOUSING, PROOF OF ABILITY AND ACCESS TO FUNDS, FINANCING TERMS AND CONDITIONS, THE METHOD OF CONSTRUCTION (SYSTEMS OR CONVENTIONAL) AND THE TIME FRAME. INTERESTED PARTIES ARE ASKED TO GIVE THREE DATES

DURING MARCH 1-15 WHEN THEY CAN CALL ON THE FHA HERE TO DISCUSS THE PROJECT AND TERMS. BETWEEN FEB . 23 AND MAR. 1 THE FHA WILL COMPILE QTE A QUICK SHORT LIST UNQTE, ACCORDING TO AN OFFICIAL.

3. IN ADDITION TO THE 16-PAGE NATIONAL GUIDELINES, THE LETTER SPECIFIES THAT ABESAN WILL BE BUILT IN MINIMUM PARCELS CALLED SUB-COMMUNITIES OF 500 UNITS PER DEVELOPER. INFRASTRUCTURE FOR PRIMARY ROADS SHALL BE DESIGNED, FINANCED AND EXECUTED SEPARATELY IN SUCH A WAY THAT ANY PORTION OF THE TOWN DEVELOPED WITH BUILDING AND INFRASTRUCTURE COULD SLOT INTO THE PRIMARY INFRASTRUCTURE TO ENABLE OCCUPANCY WHEN THE HOUSING IS COMPLETED. CONTRACTS WOULD BE GIVEN OUT ON A NEGOTIATED, TURNKEY, CONTRACTOR-FINANCED BASIS ON SUITABLE DEFERRED PAYMENT TERMS. FINANCERS WHO ARE NOT CONTRACTORS SHOULD INDICATE WHAT THEY ARE PREPARED TO FINANCE HAVING REGARD TO EITHER THE MINIMUM OF 500 HOUSING UNITS WITH INFRASTRUCTURE MENTIONED ABOVE AND/OR THE INFRASTRUCTURE FOR THE PRIMARY ROADS ON THE PRINCIPLE OF SUITABLE DEFERRED REPAYMENT TERMS. THE LETTER IS UNCLEAR AS TO WHETHER DEVELOPERS COULD PROPOSE FOR MULTIPLES OF 500 UNITS, BUT AN OFFICIAL INDICATED THAT THEY COULD.

4. THE MASTER PLAN AND THE FHA WILL PROVIDE SPECIFICATIONS TO BE FOLLOWED. DRAWING ON ITS UNHAPPY EXPERIENCE WITH THE FESTIVAL TOWN DEVELOPMENT, WHERE FHA HAS ITS OFFICES, STEEL AND TIMBER PANELS WILL NOT BE PERMITTED FOR RESIDENTIAL BUILDINGS. LOCALLY-AVAILABLE MATERIALS, MEANING MAINLY CEMENT, ARE PREFERRED.
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5. THE LETTER MAKES NO MENTION OF FINANCING GUARANTEES BUT HOUSING OFFICIALS SAY THEY REALIZE QTE SOME SORT OF NIGERIAN GOVERNMENT GUARANTEE UNQTE IS NECESSARY. THIS IS AN ITEM TO BE NEGOTIATED.

6. DETAILS ARE TO BE OBTAINED AND EXPRESSIONS OF INTEREST SENT FOR RECEIPT BY FEB. 23 TO REV. T.A. J. OLUWOLE, ASSISTANT DIRECTOR (CIVIL ENGINEERING), BLOCK D. FEDERAL HOUSING AUTHORITY, FESTIVAL TOWN, BADAGRY ROAD, P.M.B. 3200, SURULERE, LAGOS. THE ENVELOPE SHOULD BE LABELLED ABESAN NEW TOWN IN THE TOP LEFT CORNER.

7. THE FHA WILL PROVIDE A LIST OF THE AMERICAN FIRMS ALREADY CONTACTED. OFFICIALS COULD NOT RECALL ALL FIRMS BUT INDICATED THEY HAVE WRITTEN TO INTERNATIONAL CONSTRUCTION CORP., GREENVALE, LONG ISLAND, N.Y., EURO INDUSTRIES, 3010 BAY ROAD, MIAMI BEACH, FLORIDA AND POSSIBLY STARCRETE INTERNATIONAL, 2500 22ND AVE., NORTH, ST. PETERSBURG, FLA. THESE ARE SOME OF THE FIRMS CONTACTED DURING SEVERAL OVERSEAS VISITS BY FHA LAST YEAR IN A SEARCH FOR JOINT VENTURE PARTNERS. THE JOINT VENTURES WILL PARTICIPATE IN FHA'S NATIONAL BUILDING PROGRAM AND HELP FHA

MONITOR OTHER CONTRACTORS.

8. THE DOLS 2.8 BILLION COST ESTIMATE FOR ABESAN IS AN OFFICIAL'S ORAL ESTIMATE. IT SEEMS LOW IN VIEW OF A RECENT NEWS ARTICLE REPORTING THAT NEW GOVERNMENT APARTMENTS IN LAGOS COST DOLS 150,000 PER APARTMENT UP FROM DOLS 100,000 IN 1974, BUT OFFICIALS SAY THESE COSTS CAN BE LOWERED BY PROHIBITING EXPENSIVE FINISHINGS, AS THE GUIDELINES DO, AND THROUGH BETTER MANAGEMENT AND SUPERVISION.

9. ACTION REQUESTED: WE REALIZE ASPECTS OF FHA'S LETTER ARE UNCLEAR BUT IT IS CLEAR THAT FHA SEEKS PROPOSALS FROM DEVELOPERS TO FINANCE AND CONSTRUCT A NEW TOWN IN MINIMUM PARCELS OF 500 HOUSING UNITS. THE DEVELOPER SHOULD STATE HIS TERMS FOR PARTICIPATION. THIS IS NOT A PROJECT FOR THE SMALL, INEXPERIENCED UNCLASSIFIED

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BUILDERS WHO FAILED AT FESTIVAL TOWN. PROBABLY ONLY A LIMITED NUMBER OF AMERICAN FIRMS CAN QUALIFY FOR THIS PROJECT. FHA IS WILLING TO TALK TO QUALIFIED FIRMS NOT ON ITS ORIGINAL LIST. SUCH FIRMS MAY BE CONTACTED AND THE EMBASSY WILL ASSIST INTERESTED FIRMS IN DEALING WITH FHA.

10. AID AND OPIC COMMENTS OR QUESTIONS ARE WELCOME.
EASUM

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NNN

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